

[23081]

STATISTICAL INFORMATION

The following statistics indicate the general development of the Company's business since January 1 1934:

	Eight Months ended August 31, 1939	Eight Months ended August 31, 1938	1938	1937	1936	1935	1934
ENERGY GENERATED AND PURCHASED (in Thousand Kilowatt-Hours):							
Net Generated:							
Hydro	375,695	439,331	595,528	683,431	468,009	564,774	517,268
Steam	110,724	97,343	161,649	146,635	155,445	110,342	91,114
Total Generated	486,419	536,674	757,177	830,066	623,454	675,116	608,382
Purchased:							
Safe Harbor Water Power Corp.	190,328	208,819	274,271	329,093	222,302	247,978	198,844
Other Companies (Interchange)	49,099	28,300	58,242	31,296	29,713	10,644	11,499
Total Purchased	239,427	237,119	332,513	360,389	252,015	258,622	210,343
Total Energy Generated and Purchased	725,846	773,793	1,089,690	1,190,455	875,469	933,738	818,725
Less Energy Losses	34,850	39,223	53,675	66,817	49,385	58,031	59,248
Balance	690,996	734,570	1,036,015	1,123,638	826,084	875,707	759,477
SALES (in Thousand Kilowatt-Hours):							
Consolidated Gas Electric Light and Power Company of Baltimore	329,346	448,918	590,473	713,126	507,805	563,033	510,640
Pennsylvania Power & Light Company	115,742	101,341	159,346	167,161	159,440	145,967	127,713
Edison Light & Power Company	20,567	19,830	30,889	30,730	28,460	21,055	43,985
Philadelphia Electric Company	42,930	37,688	58,482	69,342	58,913	44,113	36,805
The Pennsylvania Railroad Company	101,770	59,699	106,757	22	—	—	—
Total Sales (excluding interchange)	610,355	667,476	945,947	980,381	754,618	774,168	719,143
Sales under Interchange Agreements	80,641	67,094	90,068	143,257	71,466	101,539	40,334
Total Sales	690,996	734,570	1,036,015	1,123,638	826,084	875,707	759,477
OPERATING REVENUES:							
Consolidated Gas Electric Light and Power Company of Baltimore (Note 1) ..	\$2,256,666	\$2,866,170	\$4,187,398	\$4,091,925 (2)	\$4,252,950 (2)	\$4,074,939 (2)	\$3,654,652 (2)

Philadelphia Electric Company	42,930	37,688	58,482	69,342	58,913	44,113	36,805
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Pennsylvania Power & Light Company	767,079	671,900	1,056,309	1,107,351	1,055,979	966,615	844,881
Edison Light & Power Company	160,415	154,634	237,895	234,572	220,021	166,657	404,981
Philadelphia Electric Company	290,752	272,436	414,922	457,611	398,262	326,844	310,914
The Pennsylvania Railroad Company	765,494	488,736	851,512	225	—	—	—
Total Sales (excluding interchange)	\$4,240,406	\$4,453,846	\$6,748,036	\$5,891,684	\$5,927,212	\$5,535,055	\$5,215,428
Sales under Interchange Agreements	185,134 (3)	136,718 (3)	194,424 (3)	307,988 (3)	144,362	150,755	66,255
Total Sales of Electric Energy	\$4,425,540	\$4,590,564	\$6,942,460	\$6,199,672	\$6,071,574	\$5,685,810	\$5,281,683
Other Operating Revenues	89,566	89,179	133,764	133,845	162,782	163,173	160,585
Total Operating Revenues	\$4,515,106	\$4,679,743	\$7,076,224	\$6,333,517	\$6,234,356	\$5,848,983	\$5,442,268

NOTE 1:

A supplemental contract dated September 29, 1939 between the Company and the Consolidated Company was made, providing for a substantial reduction commencing December 1, 1939 in the charge to be made by the Company for power sales to the Consolidated Company. The Company estimates that, had the supplemental agreement been in effect during the entire year 1939, its operating revenues for that year would be approximately \$300,000 less than the operating revenues expected for the year 1939; see subdivision (5) of the answer to Item 41 for a summary of the original and supplemental contract and other possible effects of the latter.

NOTE 2:

The amounts shown for the years 1936, 1935 and 1934 are without deductions of special allowances of \$172,542.14, \$177,945.59 and \$225,000.00, respectively, granted the Consolidated Company, such allowances having been offset by transfers of like amounts from Reserve for Special Equalization to Operating Revenues. The amount shown for the year 1937 is after deduction of a similar allowance of \$162,660.20, the Company having discontinued the operation of its Reserve for Special Equalization with the year 1936. Special allowances such as referred to above ceased at December 31, 1937. Reference is made to Note 2 of the consolidated profit and loss statement for further explanation of such special allowances and of the purpose and operation of the Reserve for Special Equalization.

NOTE 3:

These amounts represent revenues from sales of electric energy under interchange agreements. Under the new system of accounts prescribed by the Federal Power Commission, effective January 1, 1937, and adopted by the Pennsylvania Public Utility Commission as of the same date, the Company is required to treat the amount of such revenues as a credit to operating expenses, whereas under the system of accounts in effect prior to January 1, 1937, such revenues were credited to operating revenues.

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CONTRACTS RELATING TO SALE, PURCHASE AND/OR
INTERCHANGE OF ELECTRIC ENERGY

- (5) *Contract dated December 31, 1927, and supplemental contracts dated December 27, 1928, June 1, 1931 and September 29, 1939, between the Company and Consolidated Gas Electric Light and Power Company of Baltimore (here called Consolidated Company) covering electric supply and other services to Consolidated Company.*

Under the terms of these contracts, the Company is to deliver to Consolidated Company all the electric capacity and energy available to the Company at its own plants and under the contract dated June 1, 1931 with Consolidated Company and Safe Harbor Water Power Corporation, herein designated as Exhibit I-6 (a), (not otherwise disposed of in performance of other contracts or any legal obligation to serve) and to permit Consolidated Company to use certain transmission and substation facilities. For this service Consolidated Company makes annual payments to the Company (prorated on a monthly basis and subject to increase or decrease by order of or pursuant to determination by regulatory authorities) which will consist of a net sum of \$2,832,259.75 [23083] (page 41) (reduced to \$2,762,179.69 by the operation of a contract provision) and in addition all the Company's reasonable operating expenses (as defined in the supplemental contracts of June 1, 1931 and September 29, 1939) plus and minus other items in the computation thereof, fully set forth in the supplemental contracts of June 1, 1931 and September 29, 1939. The latter supplemental contract was made as a result of an investigation by the Maryland Public Service Commission of the Company's contract with the Consolidated Company; see the answer to Item 5 under the caption State Regulation. Among the deductions in the computation is

the Company's revenue from Pennsylvania customers. An additional deduction will be made under the supplemental contract of September 29, 1939 in the amount of \$600,000 per year commencing December 1, 1939. Included in operating expenses as defined in the supplemental contract of June 1, 1931 was a specified allowance for credit to the Company's reserve for renewals and replacements (depreciation) to continue only so long as such reserve did not exceed 15% of the Company's plant, property and equipment account. During 1938, credits to such reserve resulted in an excess over such 15% and payment to the Company in respect to its operating expenses did not therefore include the full amount of such specified allowance during that year and has not included any part of such allowance during 1939. This limitation on payment in respect to the Company's renewals and replacements (depreciation) reserve will cease on December 1, 1939. The Company estimates that the combined effect of these two provisions of the supplemental contract of September 29, 1939 will be approximately as follows: (1) A reduction in operating revenues of approximately \$300,000 in each year when payment to the Company would not have included, under the June 1, 1931 supplemental contract, any part of the specified allowance for credit to renewals and replacements reserve; (2) A reduction in operating revenues of approximately \$750,000 (\$600,000 adjusted for effect of Federal and State income taxes) in each year when the full amount of the specified allowance for credit to renewals and replacements reserve would have been included. The supplemental contract of June 1, 1931, among other things, contains various provisions for cooperation between the Company and Consolidated Company in their operations, for a joint Operating Committee for this purpose and requires approval by Consolidated Company of certain contracts and other transactions by the Company. These contracts continue in force until April 22, 1980. Copies of the contract dated Decem-

ber 31, 1927, and supplemental contracts dated December 27, 1928, June 1, 1931 and September 29, 1939, are filed herewith as Exhibits I-5 (a), I-5 (b), I-5 (c) and I-5 (d), respectively.

(6) *Contract between the Company, Consolidated Gas Electric Light and Power Company of Baltimore (here called Consolidated Company), and Safe Harbor Water Power Corporation (here called Safe Harbor Corporation), Dated June 1, 1931, and supplemental contracts dated August 1, 1932 and November 22, 1939, covering the purchase of energy from Safe Harbor Corporation, supply of transmission service to Consolidated Company, and guarantee of bonds of Safe Harbor Corporation.*

Under the terms of these contracts, the Company and Consolidated Company are to receive one-third and two-thirds, respectively, of all the electrical capacity and energy available (not required by Safe Harbor Corporation to perform any legal obligation to serve) from Safe Harbor Corporation's initial six unit (255,000 horsepower or 180,000 kw.) hydroelectric development, and from the additional 42,500 horsepower water wheel turbine and generator now being installed in the Safe Harbor Plant in accordance with the supplemental contract of November 22, 1939, and are to make annual payments therefor (prorated on a monthly basis) in the same proportion (from which annual payments are to be deducted any income from other customers of Safe Harbor Corporation). The annual payments (which are subject to increase or decrease by regulatory authorities) increased each year from the rate of \$1,400,000 per year for a part of 1932 to \$2,500,000 for 1937, and since 1937 are to be amounts required to yield to Safe Harbor Corporation a net income of seven per cent. on its accumulated actual investment in its hydroelectric development (as defined in the contract). The Company transmits for Consolidated Company, Consolidated Company's

share of the energy available from Safe Harbor Corporation, and receives from Consolidated Company annual payments (prorated on a monthly basis) in respect of transmission lines and other facilities constructed for that purpose. The Company is obligated, in the event of its failure so to transmit Consolidated Company's share of such energy, to take, and pay for at the contract rate, Consolidated Company's share of such energy as well as its own share.

[23084] (page 55)

SAFE HARBOR WATER POWER CORPORATION

(The notes and schedules referred to in this profit and loss statement are an integral part thereof)

PROFIT AND LOSS STATEMENT

For the Eight Months Ended August 31, 1939 and the Years Ended December 31, 1938, 1937 and 1936

(Note 1)

	Eight Months Ended August 31, 1939	Years Ended December 31, 1938	1937	1936
OPERATING REVENUES:				
Sales of Electric Energy				
(Note 2):				
Consolidated Gas Electric Light and Power Company of Baltimore	\$1,291,486.06	\$1,918,494.76	\$1,666,666.67	\$1,333,333.33
Pennsylvania Water & Power Company	645,743.04	959,247.38	833,333.33	666,666.67
Other Electric Revenues	655.35	1,214.74	576.37	1,337.72
Total Operating Revenues	\$1,937,884.45	\$2,878,956.88	\$2,500,576.37	\$2,001,337.72
OPERATING REVENUE DEDUCTIONS:				
Production and Transmission Expenses	\$ 130,974.48	\$ 194,887.28	\$ 207,921.79	\$ 207,450.66
Administrative and General Expenses	108,742.57	178,610.73	161,625.78	140,324.24
Maintenance and Repairs (Schedule B)	81,173.40	85,142.56	89,852.48	57,676.62
Renewals and Replacements Expense (Depreciation) (See Schedule B and Balance Sheet Note 13) (Note 3)	127,067.35	174,521.06	164,448.44	156,979.21

Taxes:

Other Than Income
Taxes and Surtax on
Undistributed Profits
(Schedule B)

71,994.91 107,090.77 87,226.85 87,911.73

Federal Income Taxes

97,317.95 144,748.06 80,290.00 13,878.09

Federal Surtax on Un-
distributed Profits

17,900.00 32,100.00 None None

State Income Taxes

Total Operating
Revenue Deduc-
tions

\$ 635,170.66 \$ 917,100.46 \$ 811,911.34 \$ 667,520.55

Operating Income

\$1,302,713.79 \$1,961,856.42 \$1,688,665.03 \$1,333,817.17

OTHER INCOME:

Interest on Securities
Owned (Marketable Se-
curities)

956.42 1,770.00 79.72 —

Gross Income

\$1,303,670.21 \$1,963,626.42 \$1,688,744.75 \$1,333,817.17

INCOME DEDUCTIONS:

Interest on Long-Term
Debt

\$ 622,471.66 \$ 940,125.25 \$ 943,553.25 \$ 945,000.00

Amortization of Debt Dis-
count and Expense
(Note 4)

28,848.50 38,463.27 54,975.39 55,478.46

Taxes Assumed on Inter-
est (Schedule B)

14,000.00 22,155.52 18,688.96 19,075.38

Other Interest Charges

775.30 534.15 — —

Total Income De-
ductions

\$ 658,095.46 \$1,001,278.19 \$1,017,217.60 \$1,019,553.84

NET INCOME

\$ 645,574.75 \$ 962,348.23 \$ 671,527.15 \$ 314,263.33

[23085] (page 56)**SAFE HARBOR WATER POWER CORPORATION****Notes to Profit and Loss Statement****NOTE 2:**

The revenues from sales of electric energy to Consolidated Gas Electric Light and Power Company of Baltimore and Pennsylvania Water & Power Company were received pursuant to the terms and conditions of an agreement dated June 1, 1931 between these companies and the Safe Harbor Corporation. These two customers each own 50% of the outstanding voting stock of the Safe Harbor Corporation. The Safe Harbor Corporation does not admit that, within the meaning of the Securities Act of 1933, as amended, either of these companies is an affiliate or parent.

On November 9, 1937, the Federal Power Commission instituted an investigation of the rates and other terms of the contract dated June 1, 1931, between the Safe Harbor Corporation, Pennsylvania Water & Power Company and Consolidated Gas Electric Light and Power Company of Baltimore, under which the Safe Harbor Corporation sells its entire output to the Company and the Consolidated Company, to determine whether any of the provisions of the Federal Power Act, or any rule or regulation of the Commission is being violated, and whether the rates are unjust, unreasonable or discriminatory. The Federal Power Commission by an order dated September 19, 1939 granted leave to the People's Counsel to the Maryland Commission to intervene in these proceedings. A hearing before an examiner was held on October 9, 10, 11, 12, 16, 17, 18, 19 and November 6, 1939. The Commission has not yet made a decision. At the hearing, and in a brief filed since the hearing, counsel for the Commission have contended that the rates that the Safe Harbor Corporation is receiving under the contract are excessive and should be substantially reduced.

EXHIBIT No. 134.

[23109] (page 1)

THIS AGREEMENT, made this 22nd day of June, 1938, between PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania Corporation, hereinafter referred to as "Philadelphia Company," and PENNSYLVANIA WATER & POWER COMPANY, a Pennsylvania Corporation, hereinafter referred to as "Holtwood Company,"

WITNESSETH THAT:

WHEREAS, Philadelphia Company and Holtwood Company, together with others, supply power from their respective electric power systems to The Pennsylvania Railroad Company for its extensive railroad electrification, under separate contracts; and

WHEREAS, it has been found mutually desirable to The Pennsylvania Railroad Company and the parties hereto to enter with others into an agreement of even date herewith, providing for the parallel operation of such electric systems through the power transmission lines of The Pennsylvania Railroad Company, which agreement is hereinafter referred to as "Railroad Parallel Operation Agreement;" and

WHEREAS, such parallel operation through The Pennsylvania Railroad Company's transmission system involves the unintentional shifting or flow of power at Perryville, Maryland, and Thorndale, Pennsylvania, at which points The Pennsylvania Railroad Company will provide switching and metering facilities for such parallel operation, and at the same time makes possible the intentional shifting of load, under the direction of the parties hereto, between the sources of power supply to The Pennsylvania Railroad Company, and the parties hereto desire to provide for such shifting and accounting between them therefor, as hereinafter set forth;

NOW, THEREFORE, the parties hereto, each in consideration of the undertakings of the other, hereby covenant and agree as follows:

SECTION 1. The shifting of load supplied to The Pennsylvania Railroad Company's transmission system from the electric power systems of the parties hereto, shall be measured by the meters provided by The Pennsylvania Railroad Company at Perryville, Maryland, and Thorndale, Pennsylvania, under the terms of the Railroad Parallel Operation Agreement, and the load so shifted and metered shall be hereinafter referred to as "energy interchange," whether such energy interchange is unintentional or is specifically arranged for by the dispatching organizations of the contracting parties. Energy flowing west through Thorndale and south through Perryville shall be considered for the purpose of this agreement as energy flowing from Philadelphia Company to Holtwood Company. Energy flowing east through Thorndale and north through Perryville shall, except as hereinafter provided, be considered for the purpose of this agreement as energy flowing from Holtwood Company to Philadelphia Company. The recording of and accounting for such energy interchange shall be based on the net hourly integrated flow at the two above-mentioned metering points.

SECTION 2. Each party shall appoint one representative to act as its agent in all operating, engineering and accounting matters pertaining to this agreement, which appointments shall be evidenced by written notice to the other party. Either party at any time may, by similar written notice, change its representative or withhold or withdraw from its representative the authority to act for it in any matters specified in the notice, provided that it designate in such notice another representative in respect to such matters. These representatives, to be known as the "Operating Committee," shall arrange for the exchange of routine operating records and shall have access to such

other records as may be required for obtaining the incremental costs and other essential data pertaining to the proper classification and evaluation of energy interchange. The Operating Committee shall also consider such other operating and engineering matters as may be suggested for securing additional benefits consistent with service standards and safety of equipment.

[23110] (page 2)

SECTION 3. Philadelphia Company and Holtwood Company will endeavor to control the supply of power to The Pennsylvania Railroad Company's transmission system in such a manner that the net energy interchange at Perryville and Thorndale will result in overall operating economies. Such operation shall be regularly carried out through the system load dispatchers under the direction of the Operating Committee. All energy interchange shall be classified as follows; and the rates to be paid for each classification shall be as specified:

(a) *Economy Energy* shall be defined, for the purpose of this agreement, as intentional energy interchange delivered or received by the parties hereto, for operating economies when the incremental costs on one system are lower than the incremental costs on the other system. If such energy is generated by steam on one system to replace energy that would otherwise be generated by steam on the second system ("steam economy energy"), the rate to be used for such energy interchange shall be equal to one-half ($\frac{1}{2}$) of the sum of the incremental costs on the two systems. If such energy is generated by water power on one system to replace energy that would otherwise be generated by steam on the second system ("hydro economy energy"), the rate to be used for such energy interchange shall be equal to seventy per cent. (70%) of the receiving company's incremental costs.

(b) *Emergency Energy* shall be defined, for the purpose of this agreement, as energy interchange supplied by one party to the other during an emergency, either by specific request of the other party or as the result of operating conditions that involve such energy interchange. The rate to be used for such energy interchange shall be equal to the supplying company's incremental costs plus ten per cent. (10%) thereof if such energy is generated by steam, and shall be two and five-tenth mills (\$0.0025) per kilowatt hour if such energy is generated by water power.

(c) *Unintentional Energy* shall be defined, for the purpose of this agreement, as energy interchange between one system and the other when for operating reasons it is impossible to control exactly at all times the direction of power flow or the amount thereof in a manner which results in overall operating economies. Initially and until changed by mutual agreement, such energy interchange shall be accounted for as economy energy and at the rates specified in paragraph (a) of this Section.

SECTION 4. Energy interchange, the measurement and recording of which is described in Section 1 hereof, shall be adjusted for "peak transfer energy" which is specifically provided for in the Railroad Parallel Operation Agreement. Any such peak transfer energy supplied by Holtwood Company for Railroad Company's use north of Perryville or east of Thorndale shall be deducted from the actual metered energy flowing from Holtwood Company to Philadelphia Company. If Philadelphia Company furnishes all or any part of such "peak transfer energy", the amount so furnished shall be accounted for as though such energy actually flowed west through the meters at Thorndale or south through the meters at Perryville, and the rate to be used in accounting for such energy between the

parties hereto shall be the same as specified for economy energy under Section 3(a) hereof.

SECTION 5. In addition to the operating economies resulting from interchange of economy energy flow as herein provided, the parties hereto agree that they will effect such further savings as may be found practicable through coordinated operations and system planning of the water and steam power resources of their systems, and such savings will be equitably divided between the parties hereto.

SECTION 6. This agreement and the Railroad Parallel Operation Agreement of even date herewith are interdependent, shall become effective simultaneously and shall run concurrently, continuing in full force and effect so long as the Railroad Parallel Operation Agreement is in effect. It is agreed that this agreement shall not take effect until all legal prerequisites, if any, as to both said agreements have been consummated. The parties hereto shall cooperate in conforming to such prerequisites.

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SECTION 7. This agreement shall bind and enure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned by either party hereto without the prior written consent of the other.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed and attested, as of the day and year first above written.

PHILADELPHIA ELECTRIC COMPANY

By N. E. FUNK

Vice-President

(Seal)

Attest:

P. A. Wilson

Asst. Secretary

Exhibit No. 134

3747

PENNSYLVANIA WATER & POWER COMPANY

By F. A. ALLNER

Vice-President

(Seal)

Attest:

F. J. ALLEN

Secretary

EXHIBIT No. 135.

[23113] (page 1)

THIS AGREEMENT, made this 22nd day of June, 1938, between THE PENNSYLVANIA RAILROAD COMPANY, a Pennsylvania corporation, hereinafter referred to as "Railroad Company," of the first part, PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation, hereinafter referred to as "Philadelphia Company," of the second part, and CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY OF BALTIMORE, a Maryland corporation, PENNSYLVANIA WATER & POWER COMPANY, a Pennsylvania corporation, and SAFE HARBOR WATER POWER CORPORATION, a Pennsylvania corporation, the last-mentioned three Companies hereinafter jointly referred to as "Electric Companies," of the third part, and the last-mentioned four Companies being hereinafter jointly referred to as "Supplying Companies,"

WITNESSETH THAT:

WHEREAS, under a contract dated July 21, 1927, between Railroad Company and Philadelphia Company, as heretofore amended and supplemented, including amendments set forth in a supplement thereto of even date herewith (said contract as so amended being hereinafter referred to as "1927 Contract"), and contract dated September 2, 1931, between Railroad Company and Electric Companies, as heretofore amended, including amendments set forth in a supplement thereto of even date herewith (said contract as so amended being hereinafter referred to as "1931 Contract"), Railroad Company has agreed to purchase certain power requirements from Philadelphia Company and Electric Companies, respectively; and

WHEREAS, it is mutually desirable to all parties to operate in parallel through the power transmission lines of Railroad Company by suitable facilities provided by Railroad Company for such operation:

Now, THEREFORE, the parties hereto, each in consideration of the undertakings of the others, hereby covenant and agree as follows:

SECTION 1. Railroad Company shall supply at Perryville, Maryland, and Thorndale, Pennsylvania, suitable switches and metering equipment to permit parallel operation of the systems of the respective parties under normal operating conditions, and for segregating and disconnecting same in emergencies.

The meters to be installed by Railroad Company shall be of a standard type and manufacture, and shall accurately measure the energy in electrical units and in periods of time as required by the terms of this agreement. Electric Companies and Philadelphia Company shall have the right to be represented at the readings of these meters and at the checking, adjusting or changing thereof.

All meters shall be tested and calibrated when necessary by comparison with accurate standards and if, as a result of any test, a meter shall be found incorrect or inaccurate, it shall be restored to an accurate condition or a new meter shall be substituted. In case any party hereto shall at any time believe that any meter registers incorrectly, the party holding such belief shall have the right to require that a test be made of such meter. The party desiring such test shall make request therefor in writing upon the other parties, and thereupon such meter shall be tested and calibrated, and if it shall be found inaccurate it shall be restored to an accurate condition or a new meter shall be substituted. If, as a result of any test, any meter shall be found to register in excess of two per cent. (2%) either above or below normal, then the readings of such meter previously taken shall be corrected according to the percentage of inaccuracy so found, but no such correction, either in respect to maximum demand or kilowatt hours drawn and consumed, shall extend back beyond thirty (30) days previous to the day on which such inaccuracy shall

have been discovered by such test, and if, during such [23114] (page 2) previous thirty (30) days one or more prior tests of such meter shall have been made under the provisions hereof, then no such correction shall extend back beyond the date of the last of such prior tests. If any test of any meter shall be made at the request of Electric Companies or Philadelphia Company with the result that such meter shall be found to register correctly or within two per cent. (2%) of normal, the party requesting such test shall bear the expense thereof. From time to time, if requested by Electric Companies or Philadelphia Company, a duplicate meter shall be installed temporarily in the circuit with any of such meters for the purpose of comparison with the permanent meters. The expense of all other tests shall be borne by Railroad Company. All meters shall be kept under seal.

SECTION 2. It is agreed between the parties hereto that under normal operating conditions parallel operation shall be regularly and constantly maintained. Whenever an emergency exists or, in the judgment of any party, its operating situation renders such action necessary, the systems shall be separated at Perryville and/or Thorndale, but the systems shall not be separated at both Perryville and Thorndale during the hour of greatest "draught of Railroad Company in Philadelphia Company area" except on Sundays or when an abnormal condition exists. Each party hereto shall be the judge of the existence of such emergency or such abnormal condition in its own system. Such parallel operation shall be re-established as soon as possible after normal conditions are re-established.

SECTION 3. The parties hereto shall cooperate to secure flexibility of power supply and the best utilization of the single-phase generating capacity available in the systems of Philadelphia Company and Electric Companies consistent with adequate protection to the service in the systems of each party. The load dispatching organizations of the

parties hereto shall cooperate and keep each other fully informed, in order to accomplish the purposes of this agreement.

SECTION 4. Philadelphia Company and Electric Companies may, within the limits of the available capacity of the transmission lines and appurtenant equipment of Railroad Company, shift the load between the sources of supply to Railroad Company as they may from time to time determine, provided that Railroad Company's service or system is not adversely affected thereby. Railroad Company will in emergencies endeavor to have all its transmission facilities available for such purpose upon reasonable notice by the load dispatchers of the other parties. Railroad Company's load dispatching organization shall have final jurisdiction over its power system and is to be kept fully informed at all times of such shifting of load and other conditions affecting the supply of power to Railroad Company.

SECTION 5. If during any month such shifting of loads results in an actual net energy flow north at Perryville and east at Thorndale in excess of 12,000,000 kilowatt hours for the month or 40,000 kilowatt hours in any hour (including "peak transfer energy", if any), or an actual net energy flow south at Perryville and west at Thorndale in excess of the difference between 9,000,000 kilowatt hours for the month or 30,000 kilowatt hours in any hour, and such amounts, if any, as Electric Companies may at the time be obligated to supply as "peak transfer energy," Railroad Company may call for an adjustment in the amounts of energy actually accounted for during any such period due to the excess net losses occasioned by such load shifting. When requested, such adjustment shall be mutually determined and the demand and energy values so affected thereby shall be revised accordingly.

SECTION 6. The following terms shall have the meaning specified in this Section wherever used in this agreement:

(a) The term "draught of Railroad Company in Philadelphia Company area" for any period shall mean the algebraic sum of the readings of the watthour meters of Railroad Company at Perryville and Thorndale referred to in Section 1 hereof and at the points of supply specified in the 1927 Contract, energy flowing north at Perryville and east at Thorndale and flowing into the system of Railroad Company at said points of supply being deemed positive.

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(b) The term "draught of Railroad Company on Electric Companies" for any period shall mean the load of Electric Companies' contractual supply as defined in Article II of the 1931 Contract, being the algebraic sum of the readings of the watthour meters of Railroad Company at Perryville and Thorndale referred to in Section 1 hereof and at the points of supply specified in the 1931 Contract, energy flowing south at Perryville and west at Thorndale and flowing into the system of Railroad Company at said points of supply being deemed positive.

(c) The term "draught of Railroad Company on Supplying Companies" for any period shall mean the sum of the "draught of Railroad Company in Philadelphia Company area," as defined in paragraph (a) above, and the "draught of Railroad Company on Electric Companies," as defined in paragraph (b) above, both for the same period.

(d) The term "peak transfer energy" shall mean the sum of the differences between the "draught of Railroad Company in Philadelphia Company area" and the "greatest combined draught" on Philadelphia Company, determined as provided in paragraph (a) of Section 7 hereof, for each even or clock hour during which such draught of Railroad Company in

Philadelphia Company area is in excess of such greatest combined draught.

(e) The term "waived peaks" shall mean those abnormal demands which are not used in computing maximum demand on Philadelphia Company under the provisions of Section 4 of Article I of the 1927 Contract or in computing the billing demand on Electric Companies under the provisions of Article VI, of the 1931 Contract.

(f) The term "firm single-phase capacity" shall mean, in the case of Philadelphia Company, the total 25-cycle capacity installed for supplying Railroad Company's requirements at the points of supply specified in the 1927 Contract, less the capacity of the largest 25-cycle unit installed for such supply; and, in the case of Electric Companies, the total 25-cycle capacity installed for supplying Railroad Company's requirements at the points specified in the 1931 Contract, less the capacity of the largest 25-cycle unit installed for such supply. The total firm capacity of Supplying Companies shall mean the sum of these firm capacities.

SECTION 7. Philadelphia Company and Railroad Company agree that the 1927 Contract shall, so long as this agreement shall remain in effect and no longer, be modified as follows:

(a) The "greatest combined draught" which will be used in computing the monthly maximum demand under Section 2 of Article I of the 1927 Contract shall be determined daily, as follows:

(i) On days other than Sundays such "greatest combined draught" shall be the lower of the two amounts determined in accordance with subparagraphs (ii) and (iii) hereof; provided, however, that the determination shown

in subparagraph (iii) shall not be operative until the amount determined in accordance with subparagraph (ii) below on any day during the term hereof shall exceed 125,000 kilowatt hours.

- (ii) The even or clock hour of greatest draught of Railroad Company on Supplying Companies shall be selected for each day and from such draught shall be subtracted the greatest draught of Railroad Company on Electric Companies occurring during any even or clock hour on the same day; provided, however, that if the resultant peak transfer energy for the day thereby obtained exceeds the obligations of Electric Companies therefor, as provided in Section 8 (a) hereof, then such lesser amount will be subtracted as will bring such resultant peak transfer energy within the limits of such obligations. The amount resulting from such subtraction shall be the amount referred to in subparagraph (i) above.

[23116] (page 4)

- (iii) There shall be deducted from the "draught of Railroad Company in Philadelphia Company area" for the day an amount of energy totaling 20,000 kilowatt hours applied to one or more even or clock hours during the day in such a manner that the resulting remainders for such hours are equal and each is greater than such draught in any other even or clock hour of the day. Any such remainder, or 125,000 kilowatt hours, whichever is greater, shall be the amount referred to in subparagraph (i) above.

(iv) So long as Sundays continue to be light load days in the Philadelphia area the "greatest combined draught" on Sundays shall be the "draught of Railroad Company in Philadelphia Company area" as defined in Section 6(a) hereof. Should load conditions so change that Sundays become relatively heavy load days and effective in determining the maximum demand for the month, paragraphs (i), (ii) and (iii) hereof shall apply and include Sundays in determining the "greatest combined draught."

(b) The amount of energy used by Railroad Company for each month, to which the rate specified in Section 2 of Article II of the 1927 Contract shall be applied, unless for any month the guaranteed amount shall be greater, shall be the draught of Railroad Company in Philadelphia Company area for the month less peak transfer energy for such month.

(c) The guaranteed demand referred to in Section 3 of Article I of the 1927 Contract shall be seventy-five per cent. (75%) of the greatest previous difference between

(1) the average combined draught of Railroad Company on Supplying Companies, exclusive of waived peaks, during the three hours of such greatest combined draught occurring on different days other than Sundays in any month

and

(2) the average draught of Railroad Company on Electric Companies, exclusive of waived peaks, during the three hours of greatest draught of Railroad Company on Electric Companies occurring on different days other than Sundays in the same month;

provided, that should the maximum demand for any month determined from "greatest combined draught" as herein defined be less than the difference between (1) and (2) of this paragraph, then the maximum demand for that month shall be used instead of the said difference; and provided, further, that such guaranteed demand shall not be less than the guaranteed demand established prior to the effective date hereof in accordance with the provisions of said Section 3 of Article I of the 1927 Contract.

(d) For the purpose of determining power factor under the provisions of the last paragraph of Section 1 of Article II of the 1927 Contract, the readings of the meters at the points specified in paragraph (a) of Section 6 hereof shall be used in lieu of the readings of the meters at the points specified in the 1927 Contract.

(e) Railroad Company will not require additional 25-cycle, single-phase capacity to be installed by Philadelphia Company until the greatest combined single-phase draught of Railroad Company on Philadelphia Company (exclusive of any hour in which a peak waived by Philadelphia Company occurs) in any one even or clock hour exceeds the total firm single-phase capacity of Philadelphia Company by more than 15,000 kilowatts; provided, that the combined single-phase draught of Railroad Company on Supplying Companies for any even or clock hour (exclusive of any hour in which a waived peak occurs) is not greater than the total firm single-phase capacity of Supplying Companies.

SECTION 8. Railroad Company and Electric Companies agree that during the term of this agreement:

(a) Electric Companies shall provide the peak transfer energy as defined herein, in excess of their contractual supply, within the present terms and con-

ditions of Article X of the 1931 Contract, both as to the amounts of hourly draught and of daily energy. Such energy shall be furnished each day other than Sunday during periods of parallel operation.

[23117] (page 5)

(b) The surcharge provided in Article X of the 1931 Contract shall be applicable to and only to the amount of peak transfer energy, whether such energy is supplied by Electric Companies or by Philadelphia Company.

(c) Electric Companies will not require Railroad Company to call for additional single-phase capacity to be installed by Electric Companies until the draught of Railroad Company on Electric Companies for any one even or clock hour (exclusive of any hour in which a peak waived by Electric Companies occurs) minus 12,500 kilowatt hours, is equal to or greater than Electric Companies' firm single-phase capacity; provided, that the total firm single-phase capacity of Supplying Companies is greater than the highest combined single-phase draught of Railroad Company on Supplying Companies for any one even or clock hour (exclusive of any hour in which a waived peak occurs). If, however, such highest combined single-phase draught (exclusive of any hour in which a waived peak occurs) is greater than such total firm single-phase capacity, Railroad Company shall call for additional single-phase capacity to be installed by Electric Companies in the event that the highest draught of Railroad Company on Electric Companies; exclusive of the Thorndale-Parkesburg area, for any one even or clock hour (exclusive of any hour in which a peak waived by Electric Companies occurs) is in excess of Electric Companies' then firm single-phase capacity.

SECTION 9. As of the date of this agreement, the firm single-phase capacity of Philadelphia Company, including

the capacity at Somerset Substation to be presently made available for single-phase operation by the installation of a transmission circuit to Richmond Substation, is 134,350 kilowatts, the firm single-phase capacity of Electric Companies is 50,000 kilowatts, and the total firm single-phase capacity of Supplying Companies is 184,350 kilowatts.

If and when Railroad Company decides to discontinue the use of three-phase supply from Somerset Substation, the value of firm single-phase capacity of Philadelphia Company shall then be increased by 6,000 kilowatts.

SECTION 10. It is the intent of this agreement that Electric Companies shall supply the amount of daily peak transfer energy actually accounted for by Philadelphia Company and by Electric Companies to Railroad Company insofar as it can be predetermined by the load dispatching organizations of Supplying Companies, but the accounting for such energy shall be as herein determined, irrespective of whether the said dispatching organizations of Supplying Companies arranged for such distribution or whether for various reasons other arrangements were specifically made.

SECTION 11. This agreement and an agreement of even date herewith between Philadelphia Company and Pennsylvania Water & Power Company, two of the parties hereto, are interdependent and intended to become effective simultaneously, and it is agreed that this agreement shall not take effect until all legal prerequisites, if any, as to said agreements have been consummated. The parties hereto shall cooperate in conforming to such prerequisites. This agreement shall continue in full force and effect only so long as both the 1927 Contract and the 1931 Contract are in full force and effect; provided, however, that any party hereto may terminate this agreement after March 1, 1943, by giving the other parties at least one (1) year's prior written notice of such termination. For such purposes, notice given by or to any one of Consolidated Gas Electric Light and Power Company of Baltimore, Pennsylvania

Water & Power Company or Safe Harbor Water Power Corporation, herein referred to as "Electric Companies," shall be deemed adequate notice by or to all said Electric Companies.

SECTION 12. Railroad Company agrees to make available such circuits or channels for communication, telemetering, supervisory control or other purposes, as may be agreed upon between the parties hereto from time to time.

[23118] (page 6)

SECTION 13. Except as specifically provided herein, the 1927 Contract and the 1931 Contract shall be and remain in full force and effect.

SECTION 14. It is further understood and agreed that neither Philadelphia Company nor Electric Companies shall be in any way liable to Railroad Company for loss or damage because of any matter or thing arising in connection with performance hereunder, which is not directly attributable to the neglect or failure of the party against which the obligation is asserted.

SECTION 15. This agreement shall bind and enure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned by any party hereto without the prior written consent of the others.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed and attested, as of the day and year first above written.

THE PENNSYLVANIA RAILROAD COMPANY

By J. F. Deasy

Vice-President

(Seal)

Attest: J. Taney Willcox

Secretary

PHILADELPHIA ELECTRIC COMPANY

By N. E. Funk

Vice-President

(Seal)

Attest: P. A. Wilson

*Asst. Secretary*CONSOLIDATED GAS ELECTRIC LIGHT AND
POWER COMPANY OF BALTIMORE

By Herbert A. Wagner

President

(Seal)

Attest: Herman L. Gruhn

Secretary

PENNSYLVANIA WATER & POWER COMPANY

By F. A. Allner

Vice-President

(Seal)

Attest: F. J. Allen

Secretary

SAFE HARBOR WATER POWER CORPORATION

By J. A. Walls

President

(Seal)

Attest: F. J. Allen

Secretary

EXHIBIT No. 136.

[23120] (page 1)

WHEREAS, an agreement was entered into on the ninth day of October, 1912, by and between the Pennsylvania Water and Power Company, a corporation organized and existing under the laws of the State of Pennsylvania, and referred to in said agreement as the "Generating Company", and the party of the first part, and the Edison Electric Company, a corporation organized and existing under the laws of the State of Pennsylvania, and referred to in said agreement as the "Receiving Company", and the party of the second part;

AND WHEREAS, by the terms of said agreement the said Pennsylvania Water and Power Company, the Generating Company, was to sell and supply electric energy to the Edison Electric Company, the Receiving Company, in accordance with the terms and conditions set forth in said contract, a copy of which contract is hereto attached and made a part of this agreement;

AND WHEREAS, by the terms of said contract it existed for and during the term of ten years from the first day of May, 1913, with the privilege of a renewal for a further period of ten years, upon rates to be agreed upon between the parties to said contract;

AND WHEREAS, the parties to said contract have agreed that the same shall be renewed for the further period of ten years from the first day of May, 1923, upon the terms and conditions hereinafter set forth:

NOW, THIS AGREEMENT, made and concluded this 19th day of October, 1923, by and between the PENNSYLVANIA WATER & POWER COMPANY, a corporation organized and existing under the laws of the State of Pennsylvania, hereinafter called the "Generating Company", party of the first part, and the EDISON ELECTRIC COMPANY, a corporation

organized and existing under the laws of the State of Pennsylvania, hereinafter called the "Receiving [23121] (page 2) Company", party of the second part,

WITNESSETH

1. *Term of Contract*

It is hereby agreed between the parties to this agreement that the said contract bearing date the 9th day of October, 1912, the term of which contract expired on the first day of May, 1923, is hereby extended for a further period of ten years from the first day of May, 1923, upon the following terms and conditions:

2. *Price*

That the electric energy rates and provisions referred to herein are to go into effect as of May 1, 1923.

That for all energy supplied by Generating Company for use or conversion by Receiving Company and measured as provided in Article V of the agreement of October 9, 1912, Generating Company shall bill Receiving Company at the rate of six and seventy-five hundredths (6.75) mills per K.W.H. for the first nine million (9,000,000) K.W.H. per month and at the rate of nine (9) mills per K.W.H. for the energy above nine million (9,000,000) K.W.H. per month.

After December 31, 1924, the energy losses for frequency conversion done by Receiving Company at request of Generating Company in accordance with Paragraph 3 hereunder shall be billed as four hundred and ten thousand (410,000) K.W.H. per month, notwithstanding that the actual losses may be greater or less than such amount and of such four hundred and ten thousand (410,000) K.W.H. per month, the Generating Company shall credit Receiving Company with two hundred and five thousand (205,000) K.W.H. per month at six and seventy-five hundredths (6.75) mills per K.W.H.

[23122] (page 3)

3. Mixed Frequency Supply

That Generating Company shall supply energy to Receiving Company at both 25 and 60 cycles, and Receiving Company, at no cost to Generating Company, shall maintain its existing frequency changing equipment and operate same, up to its present capacity, for conversion of 25 cycles to 60 cycles, or vice versa, to the extent that it is practicable to do so, when and as requested by Generating Company. Both Generating Company and Receiving Company shall use due diligence in providing equipment and making such changes as may be necessary for the furnishing and taking of 60 cycle energy delivered at the power house of Generating Company, it being agreed that such delivery of 60 cycle energy shall commence not later than December 31, 1924.

4. Fuel Cost Adjustment

That the charges for energy stated above shall be modified by a fuel cost adjustment when and only when the average cost of boiler coal used during the month by the Consolidated Gas Electric Light & Power Company of Baltimore as reported by said Company to the Public Service Commission of Maryland, or, in default of such report, as determined in the manner required by the Classification of Accounts of the Public Service Commission of Maryland, is in excess of Seven Dollars (\$7.00) or below Four Dollars (\$4.00) per long ton. The fuel cost adjustment shall then consist of a charge or credit at the rate of five-tenth (0.5) mills per K.W.H. per dollar increase above \$7.00, or decrease below \$4.00 in such cost of boiler coal per long ton.

5. Amount of Power and Energy

That Receiving Company shall take from and pay for to Generating Company, and Generating Company shall supply and bill [23123] (page 4) Receiving Company for, all of Receiving Company's energy requirements (except

the supply from the Conestoga Creek plants and except a maximum of five million (5,000,000) K.W.H. per year of energy generated by steam at Engleside as hereinafter specified) up to the fifty thousand (50,000) K.W. load line, as shown by the fifteen (15) minute integrated peak, but in no event shall Generating Company be obligated to supply a power draft in excess of said fifty thousand (50,000) K.W., as shown by the fifteen (15) minute integrated peak aforesaid.

6. *Steam Generation at Engleside*

That Receiving Company shall maintain its Engleside steam station and therewith shall generate by steam as requested by Generating Company to an extent not in excess of the available capacity of such station, which in no event shall be less than 2500 K.W. The generation of five million (5,000,000) K.W.H. per year, or any part thereof by steam provided for in Article II of the 1912 Agreement shall hereafter be at the option of Generating Company and the cost thereof shall be borne by Receiving Company and such energy so generated by steam shall not be billed for by Generating Company. All generation by steam at Engleside as requested by Generating Company in excess of five million (5,000,000) K.W.H. per year below the fifty thousand (50,000) K.W. load line shall be for Generating Company's use and shall be paid for by Generating Company at the actual additional cost above standby expense incurred by Receiving Company for fuel, operating materials and operating labor required for such generation, plus a fee of twenty-five per cent (25%) as allowed to Receiving Company to cover profit and additional overhead and maintenance expense assumed to be incurred in connection with such generation.

7. *Conestoga Creek Plants*

Receiving Company's right to draw seven hundred and [23124] (page 5) fifty (750) K.W. for eighteen hours per

day from the Conestoga Creek plants of the Lancaster Light, Heat & Power Company is extended to 1500 K.W. for twenty-four hours per day, except that in times of low flow when these plants operate during less than twelve hours per day, the hours of operation are to fall into the hours of heavy load on Receiving Company's system, so far as is compatible with automatic operation of said plants.

8. Use of Energy

That no energy supplied by Generating Company to Receiving Company under this agreement shall directly or indirectly be used for electrification of railroads; nor be used in York County; nor be used in Chester County, except in the territories in which it is now being sold by Receiving Company in West Sadsbury Township, and by Oxford Electric Company, and by Tri-County Electric Company, and to supply the requirements of the present trolley system of the Conestoga Traction Company operating in Chester County; nor be used except under substantially the present conditions of seasonal variation in load.

9. Transmission Lines and Transmission Charges

That the sixty (60) cycle supply from the Holtwood power house of the Generating Company shall be delivered at the low tension terminals of step-down transformers at a point near the existing Engleside station from an outdoor 60 cycle transformer station and a transmission line, the voltage of which shall be sixty-six thousand (66,000) volts or higher, to be built, operated and maintained by Generating Company, and to be ready for service not later than December 31, 1924. For providing such service Receiving Company shall pay Generating Company an additional charge of one (1) mill per K.W.H. for all energy supplied in excess of nine million (9,000,000) K.W.H. per month, beginning when the new 60 cycle equipment provided for herein is ready for service.

Generating Company shall then be allowed to utilize [23125] (page 6) the spare capacity of Receiving Company's existing 25 cycle transmission line between Holtwood and Engleside for the delivery of twenty-five (25) cycle energy to transmission lines for conducting such energy outside of Lancaster County; it being provided, however, that such 25 cycle energy shall not directly or indirectly be used in or sold for use in Lancaster County except with written consent of Receiving Company. For and during such use of Receiving Company's transmission line, Generating Company shall pay Receiving Company one (1) mill per K.W.H. of energy transmitted over such line for Generating Company.

That Receiving Company shall have the option at any time after five years from April 30, 1923, upon two years prior notification in writing to Generating Company, to purchase the said sixty (60) cycle line and step-down station, upon payment to Generating Company of their reproduction cost, which shall be a sum sufficient to replace the 60 cycle line and equipment complete, with right of way, and tested and ready for operation as of the date of sale; provided, however, that there shall be deducted from such sum the accumulated depreciation actually charged off by Generating Company against the line and equipment. These depreciation rates on the transmission line and equipment shall be substantially the same as are charged by Generating Company against its other similar transmission lines and equipment.

That in the event of Receiving Company exercising its option as above, Generating Company shall be permitted to utilize the spare capacity of said sixty (60) cycle transmission line between Holtwood and Engleside for the delivery of sixty (60) cycle energy to transmission lines for conducting such energy outside of Lancaster County; it being provided, however, that such 60 cycle energy shall not directly or indirectly be used in or sold for use in Lancaster County, except with written consent [23126] (page 7) of

Receiving Company. For and during such use of Receiving Company's 60 cycle transmission line, Generating Company shall pay Receiving Company one (1) mill per K.W.H. for energy transmitted for it over such line.

10. All the other covenants and terms of the 1912 agreement not inconsistent with the foregoing provisions and conditions shall continue in effect; and the rates as fixed herein shall have the same binding force and effect as if they had been fixed or readjusted in accordance with Article IX of the agreement of October 9, 1912, and the rates specified herein are to be considered as continuing rates specifically arranged for in said agreement and not new rates.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their proper officers thereunto duly authorized and their respective corporate seals to be hereunto affixed the day and year first above written.

PENNSYLVANIA WATER AND POWER COMPANY

By (sgd.) Chas. E. F. Clarke
President

Attest:

(sgd.) F. J. Allen
Secretary

EDISON ELECTRIC COMPANY

By (sgd.) W. W. Griest
President

Attest:

(sgd.) Anna E. Ranck
Secretary

[23127]

COPY OF CONTRACT DATED OCTOBER 9, 1912, BETWEEN
COMPANY AND EDISON ELECTRIC COMPANY

[23128] (page 1)

THIS AGREEMENT, made this ninth day of October, 1912, by and between the PENNSYLVANIA WATER & POWER COMPANY, a corporation organized and existing under the laws of the State of Pennsylvania, hereinafter called the Generating Company, party of the first part, and the Edison Electric Company, a corporation organized and existing under the laws of the State of Pennsylvania, hereinafter called the Receiving Company, party of the second part;

WITNESSETH, whereas the Generating Company is engaged in the business of generating electric power, and, whereas, the Receiving Company is in the business of transmitting and distributing electric energy, and, desires to purchase said electric energy for transmission and distribution;

NOW THEREFORE, the parties hereto, in consideration of the premises and of One Dollar (\$1.00) and other valuable considerations, each to the other in hand paid, receipt of which is hereby mutually acknowledged and the covenants hereinafter set forth, mutually agree as follows:

ARTICLE I.

TERM OF CONTRACT: For and during the term of ten (10) years, commencing on the first day of May 1913, and during any extended life of this contract effected under the provisions hereinafter set forth, the Generating Company agrees to sell and supply electric energy to the Receiving Company, and the Receiving Company agrees to take and pay for the same in such quantities and in such manner as herein provided, and, under the terms and conditions herein set forth.

Such electric energy available during the twenty-four hours of each day of the year, will be in the form of three phase, alternating current, at a frequency of approximately 25 cycles per second and at a voltage of approximately 66,000 volts, as hereinafter provided and hereinafter referred to as "energy".

PRIOR DELIVERY: It is understood, however, that should the Generating Company and the Receiving Company be ready to supply and take before the above date, that the energy will be supplied and taken and paid for under the terms and conditions provided for herein.

ARTICLE II

AMOUNT OF ENERGY TO BE SUPPLIED: The Generating Company agrees to supply and the Receiving Company agrees to take and pay for, under the terms and provisions hereinafter mentioned, all of the electrical energy required by it during the life of this contract, except the current which the Receiving Company is obligated to take under the contract existing with the Lancaster Electric Light, Heat and Power Company, dated February 8, 1902, which calls for a maximum amount of energy which they can supply of seven hundred and fifty (750) K.W. for eighteen hours a day. [23129] (page 2) And the Receiving Company shall have the right, at its option, to generate by steam at its Engleside Station during any one year energy to an amount not exceeding five million (5,000,000) K.W. hours.

ARTICLE III

PRICE AND PAYMENTS: The Receiving Company agrees to pay for all energy actually supplied under this contract, at the rate of 5 mills per kilowatt hour under the terms and conditions provided for herein.

TIME OF PAYMENTS: The Generating Company shall bill for on or before the 5th day of each month, and the Receiv-

ing Company agrees to pay on or before the 15th day of each month for all energy taken during the preceding month.

POWER RENTAL IN DISPUTE: All claims or counterclaims which the Receiving Company may have or claim to have against the Generating Company, arising out of this contract, shall be presented to the Generating Company in writing during the first fifteen days of the following month.

In case of a dispute between the parties hereto as to the proper amount of any bill for energy delivered, the Receiving Company shall pay the Generating Company the amount of the bill as admitted by it (the Receiving Company) to be correct, and deposit the amount in dispute in some Trust Company in Lancaster accompanied by an authority to pay out such deposit or such part thereof as may be directed by arbitration as provided for in Article VIII hereof, or by order of the Court.

FAILURE TO PAY RENTAL: In case of failure on the part of the Receiving Company to pay the rental for energy as herein provided for, the Generating Company shall have the right, upon sixty days' written notice to discontinue the delivery of power until such payments have been made in full; and, should such delinquency continue for a period of six months after due date, the Generating Company may cancel the contract, without prejudice to any right of action hereunder.

ARTICLE IV

EQUIPMENT AND CHARACTER OF SERVICE OF GENERATING COMPANY: The energy to be furnished by the Generating Company under this agreement shall be delivered to the Receiving Company upon the Receiving Company's high tension transmission line at a point just outside of the step-up transformer station of the Generating Company at Holtwood, Pennsylvania.

The Generating Company agrees to install and maintain all of its apparatus, which in any way affects the

delivery of power to the Receiving Company, in first class condition and in accordance with good engineering practice, and agrees to exercise due care in the operation of its system to give as nearly as practicable continuous service.

The Generating Company agrees to maintain, at the point of delivery to the Receiving Company, the voltage and frequency of the supply at approximately 66,000 volts and approximately 25 cycles, respectively, [23130] (page 3) at all times during which the energy taken by the Receiving Company does not exceed the maximum load to which the Receiving Company is at that time entitled.

The Generating Company agrees that the fluctuation of frequency and voltage shall not be such as to prevent the proper and effective operation of the transforming, converting and controlling apparatus owned by and connected with the circuits of the Receiving Company.

RECEIVING COMPANY'S EQUIPMENT AND USE OF POWER: For the purpose of utilizing the electric energy furnished by the Generating Company, the Receiving Company agrees to install and maintain all of its apparatus and distribution lines, which in any way affect the taking of power from the Generating Company, in first class condition, and, in accordance with good engineering practice.

The said apparatus of the Receiving Company shall be of such character and so operated as to maintain a practically balanced load between phases, and to draw current from the Generating Company at as near as possible to unity power factor, and, at not less than eighty-five per cent (85%) power factor, except at times of load less than two thousand (2,000) Kilowatts, or, unless necessary for regulation purposes. The excess volt amperes taken at times when the average power factor of the three phases, during any day, is less than eighty-five per cent (85%), shall be considered and paid for as energy, unless such low power factor shall have been caused by improper voltage or frequency delivered by the Generating Company.

The Receiving Company shall use all energy contracted for herein in a manner that will not cause undue disturbance to the Generating Company's system or abnormal fluctuations in the demands for energy.

BREAKDOWN OF APPARATUS: Each party hereto agrees that in case of the breakdown or becoming defective of any of its apparatus, which in any way affects the supplying or taking of energy under this contract, it will immediately use due diligence to repair or replace its said apparatus and operate the same so as not to interfere with the supplying of energy or the taking of energy for a longer period than is absolutely necessary.

To insure against long continued interruptions in the supplying of energy by the Generating Company or the taking of energy by the Receiving Company, each Company shall keep in reserve sufficient apparatus to take care of the breakdown of any single piece of its apparatus affecting the supplying or taking of energy under this contract.

Neither party shall assume any liability or be held responsible for any damages which may occur to the whole or any part of the apparatus or lines of the other party, nor for damage to life or property caused by the lines or apparatus of the other party, except for such damages as may be due to the negligence of the other party or its employees.

[23131] (page 4)

ARTICLE V

MEASUREMENT: All electric energy to be supplied hereunder shall be measured by watt-hour meters, to be installed on low tension side of transformers by the Generating Company at its expense, at the Engleside Sub-station, at Lancaster, Pa. The Generating Company may also install graphic meters to check the peak load measurements. Such watt-hour meters, or other meters, shall be of an approved type and shall be so connected as to show the energy delivered to the Receiving Company, the point of

measurement of energy being the terminals of the Receiving Company's step-down transformers at the Engleside Sub-station, at Lancaster, Pa., and, allowance is to be made, as agreed upon between the two companies, for discrepancies in measurement introduced by the current and potential transformer layout.

The Receiving Company shall have the right to install its own check meters in addition to the meters installed by the Generating Company and space and structure for the said check meters shall be provided by the Receiving Company in its step-down transformer station, and, if called upon by the Receiving Company to do so, the Generating Company agrees to install a complete duplicate watt-meter outfit for the purpose of avoiding errors or disputes, and, so long as the two meters, or either of them are not found to be inaccurate, the readings of the two shall be averaged.

Said meters installed by the Generating Company shall be read at midnight on the last day of each calendar month for the purpose of ascertaining the kilowatt hours drawn and used during that month.

The meters shall be tested and calibrated at suitable intervals or upon written request of either party in the presence of duly appointed representatives of both parties, and, if, as the result of such test, any meter shall be found incorrect or inaccurate, it shall be restored promptly to an accurate condition, or a new meter shall be substituted.

The readings of any meter tested and found to be not more than two per cent (2%) from accuracy, at all ranges within the limits between which it is in use, shall be considered correct and accurate. If, as the result of any such tests, any meter shall be found to register in excess of two per cent (2%) either above or below accuracy, then the consumption recorded by such meter since the last monthly reading previous to the request for test, shall be corrected accordingly by one-half ($\frac{1}{2}$) of the percentage of the inaccuracy so found, provided that this percentage is less than ten per cent (10%), but no correction shall extend back

beyond thirty (30) days previous to the day on which such tests are requested, and if during such previous thirty (30) days one or more prior tests shall have been made under the provisions hereof, then no correction shall extend back beyond the date of such prior tests. Should the error in the meter exceed ten per cent (10%) the probable consumption shall be estimated and paid for as agreed upon between the parties hereto.

[23132] (page 5)

ARTICLE VI

PERMISSION TO MAKE REPAIRS: In order to make necessary repairs or changes on its system, either party shall have the right to temporarily discontinue the service at such time or times as may be least inconvenient to the other party. Except in cases of extreme emergency, at least twelve (12) hours' notice shall be given by the party desirous of making the repairs to the other party, that such discontinuance of the service is to take place.

SUSPENSION CAUSED BY FIRE, STRIKES, ETC.: If at any time during the continuance of this contract, the Generating Company shall be prevented from supplying, or, the Receiving Company shall be prevented from taking all or any part of the energy herein contracted for, by reason of war, rebellion, civil disturbance, strikes, serious epidemics, fire, lightning, or any other cause of a like nature beyond the control of either party, the obligation of the Generating Company to supply and the obligation of the Receiving Company to take energy contracted for hereunder, shall cease until such time when the party so incapacitated shall, by the exercise of reasonable diligence, be able to resume such supply or use.

DEFICIENCY DUE TO LOW WATER: Deficiency in the supply of power caused by conditions of low water at the Generating Company's dam shall not be considered as a cause excusing supply hereunder.

ARTICLE VII

FEEDERS: The automatic circuit breakers on the outgoing feeders to the Receiving Company in the Generating Company's step-up transformer Station shall be set for at least fifty per cent (50%) in excess of the normal maximum load to which the Receiving Company is at the time entitled, and each feeder shall be of a capacity of approximately 10,000 K.V.A. normal rating, and there shall be two feeders, one for each of the Receiving Company's transmission circuits.

RECEIVING COMPANY'S TRANSMISSION SYSTEM: It is understood that the Receiving Company's transmission line will run in as direct a route from Holtwood to Engleside as is practicable, and that each of the six transmission line conductors shall have conductivity of not less than the equivalent of 90,000 C.M. copper.

ARTICLE VIII

ARBITRATION: In the event of a difference of opinion on any question as to quantity, quality, kind, conformity with technical standards, value or cost of any energy, property, matter or thing furnished, used, performed or done, or omitted to be furnished, used, performed or done in connection with this contract, the respective parties mutually agree that any and all such questions be submitted to a Board of Arbitration consisting of three members, one to be appointed by the Generating Company, one by the [23133] (page 6) Receiving Company, and the third chosen by these two. In the event of either party failing to appoint an arbitrator within thirty (30) days after written request from the other party, or in the event of a failure of the said two arbitrators to appoint a third, the said arbitrator or arbitrators shall be appointed by the person then occupying the position of President Judge of the Court of Common Pleas of Lancaster County, Pennsylvania.

The expense of the Board of Arbitration shall be shared equally by the parties hereto, except when the dispute shall relate solely to differences in accounts, in which case said expense shall be shared in inverse proportion to the award, by the Arbitrators, or by the Court, to either party.

The decision of any two of the Arbitrators shall be final and binding upon the parties hereto. Such submission to and decision by said Board of any and all questions as to any of the matters aforesaid, is hereby declared to be a condition precedent to the bringing of any action or legal proceedings by either party hereto on account of any matter or thing involving any such question.

ARTICLE IX

RENEWAL OF CONTRACT: This contract shall automatically renew itself for a further period of ten (10) years duration, at the option of the Receiving Company, provided a readjustment of rate for power to be determined by arbitration is made if insisted upon by either party, such readjustment based upon any increase in the cost of steam generated power which might then exist as compared with the cost of steam generated power as of date of this contract.

The provisions herein contained shall extend to and bind the parties hereto and their successors and assigns respectively.

IN WITNESS WHEREOF: the parties hereto have caused this agreement to be executed by their proper officers thereunto duly authorized and their respective corporate seals to be hereunto affixed the day and year first above written.

PENNSYLVANIA WATER AND POWER COMPANY

By (Signed) Chas. E. F. Clarke

Vice-President

(Seal)

Attest:

(Signed) R. M. Smith

Secretary

Exhibit No. 136

3777

EDISON ELECTRIC COMPANY

By (Signed) George Bullock

Vice-President

(Seal)

Attest:

(Signed) J. S. Graybill, Jr.

Secretary

SAFE HARBOR WATER POWER CORPORATION
COMPARATIVE STATEMENT OF OPERATING REVENUES, REVENUE FROM ENERGY SALES AND KWH. SALES
CALENDAR YEARS 1938-1943

Revenues	1938	1939	1940	1941	1942	1943
1. Total Operating Revenues—per books	2,878,956.88	2,952,881.21	2,793,208.02	2,855,041.38	3,447,660.45	3,620,411.86
2. Rent from Electric Property—per books	1,214.74	1,471.04	1,651.42	1,327.84	186.84	3,360.95
3. Revenue from Energy Sales—per books (1—2)	2,877,742.14	2,951,410.17	2,791,556.60	2,853,713.54	3,447,473.61	3,617,050.91
4. Adjustments*	978.62	9,778.58	265,207.03	549,763.81	12,726.73	—
5. Revenue from Energy Sales—Adjusted* (3+4)	2,878,720.76	2,961,188.75	3,056,763.63	3,403,477.35	3,460,200.34	3,617,050.91
Adjusted* Bills to						
6. Consolidated Gas Electric Light and Power Co. of Baltimore (5) × 2/3	1,919,147.17	1,974,125.83	2,037,842.42	2,268,984.90	2,306,800.23	2,411,367.27
7. Pennsylvania Water & Power Company (5) × 1/3	959,573.59	987,062.92	1,018,921.21	1,134,492.45	1,153,400.11	1,205,683.64
8. Total (same as 5 above) (6+7)	2,878,720.76	2,961,188.75	3,056,763.63	3,403,477.35	3,460,200.34	3,617,050.91
Kwh. Sales						
9. To Consolidated Gas Electric Light and Power Co. of Baltimore	537,456,900	431,871,400	515,080,700	386,307,800	657,113,200	647,091,800
10. To Pennsylvania Water & Power Company	274,271,100	219,528,900	263,392,500	198,602,100	336,466,500	331,163,400
11. Total Sales—actual (9+10)	811,728,000	651,400,300	778,473,200	584,909,900	993,579,700	978,255,200
Mills per Kwh.						
12. For energy sold to Consolidated Gas Electric Light and Power Co. of Baltimore (6/9)	3.57	4.57	3.96	5.87	3.51	3.73
13. For energy sold to Pennsylvania Water & Power Company (7/10)	3.50	4.50	3.87	5.71	3.43	3.64
14. For all energy—based on actual sales (8/11)	3.55	4.55	3.93	5.82	3.48	3.70
15. For all energy—after adjustment of sales for average river flow	3.59	3.56	3.63	4.07	3.97	4.05

* Surplus adjustments made in subsequent years are here indicated for the year to which they are applicable.

K.
November 15, 1944.

Exhibit No. 140
EXHIBIT No. 140.
[23184]-[23189]

EXHIBIT No. 141.

[23190] (page 1)

Excerpts from the Direct Testimony of George W. Spaulding in Safe Harbor Water Power Corporation, Docket No. IT-5914, beginning at Transcript 155, Line 9, and Ending on Transcript 158, Line 13.

By MR. ARTHUR HULL:

Q. Mr. Spaulding, I show you a paper marked for identification as Exhibit No. 10, and ask you if this exhibit was prepared under your direction.

A. It was.

Q. Will you explain what this exhibit shows?

A. This exhibit shows a comparative statement of operating revenues, the revenue from energy sales by the company, the amount of annual kilowatthour sales by the company and the resultant rates received per kilowatthour sold for the calendar years 1939 to 1943, inclusive.

Item 1 is the total operating revenue received under the contract and item 2 is the rent received by the company from electric properties.

Item 3 is the revenue received from energy sales, as per the books of the company, while item 4 is adjustments made in subsequent years to the annual revenues through surplus accounts. Item 5 is the revenue from energy sales after such adjustments.

Items 6 and 7 show the amounts billed to and revenues received from the Consolidated Gas Electric Light and Power Company of Baltimore and the Pennsylvania Water and Power Company, after adjustments made through surplus accounts as shown above. Item 8 is the sum of items 6 and 7, being the same as item 5.

Items 9 and 10 show the amounts of energy reported to have been delivered by the Safe Harbor Company to its two customers in the annual reports filed with the Federal Power Commission and the Public Utility Commission of Pennsylvania. The energy sales to Baltimore Company in item 9 are equal to two-thirds of the energy generated at the Safe Harbor project as measured at the low tension terminals of the stepup transformers, less the transmission losses between the Safe Harbor plant and the points of delivery at Westport, Riverside and Takoma Park, Maryland, while the energy sales to Pennsylvania Water and Power Company are equal to one-third of the energy generated at the Safe Harbor project as measured at the low tension terminals of the stepup transformers.

Item 11 is the sum of items 9 and 10.

Items 12 and 13 are the revenues received per kilowatthour from each of the company's customers, while item 14 is the average revenue per kilowatthour based on actual sales.

[23191] (page 2)

It is desired to call attention to a note which has appeared on the respective annual reports filed with the Federal Power Commission which reads as follows, and I quote:

"Respondent sells its entire output, under a long-term contract, to Consolidated Gas Electric Light and Power Company of Baltimore and Pennsylvania Water and Power Company. The charges are independent of the amount of energy delivered and do not include any transmission costs. The cost of operating the transmission facilities for transmitting power and energy to Consolidated Gas Electric Light and Power Company of Baltimore in Baltimore and Takoma Park, Maryland, is billed to Consolidated Gas Electric Light and Power Company by Pennsylvania Water and Power Company".

As the charges are independent of the amount of energy delivered, the rates per kilowatthour sold will fluctuate from year to year with variations in usable river flow as will be noted in item 14. To eliminate the effect of variation in flow, the rates per kilowatthour which the company would have received with average river flow in each year are shown in item 15.

Q. Do these two customers of the Safe Harbor Company receive the specific energy shown in items 9 and 10 of this exhibit?

A. Not necessarily. Mr. Walls has testified that it is impossible to tag the energy transmitted from either one of the hydro plants. The total Safe Harbor energy goes into the regional power pool which is fed not only from Safe Harbor but from the Holtwood hydro and steam stations, the Baltimore steam generating stations and the Washington steam generating stations. Reports made to the respective regulatory commissions of energy sold, are in accord with the directions of these commissions.

The combined total of energy sold by Safe Harbor is correct, but the division of energy sales between its customers is not necessarily in accord with the statements given to the several commissions, a fact of which their respective staffs have been continually advised.

ENERGY PURCHASED BY BALTIMORE AND HOLTWOOD COMPANIES FROM
SAFE HARBOR COMPANY AND ENERGY PURCHASED BY BALTIMORE COMPANY
FROM HOLTWOOD COMPANY

1 9 4 6

		July	Aug.	Sept.	Oct.	Nov.	Dec.
1	S. H. 230 Kv. Sendout	19,225,000	12,255,000				
2	S. H. 230 Kv. Received	10,412,000	14,100,000				
3	S. H. Net 230 Kv. Sendout (1-2)	8,813,000	- 1,845,000				
4	S. H. 69 Kv. Sendout	19,267,000	25,692,000				
5	S. H. 69 Kv. Received	723,000	374,000				
6	S. H. 69 Kv. Net Sendout (4-5)	18,544,000	25,318,000				
7	S. H. 132 Kv. Sendout	29,152,000	25,096,000				
8	S. H. 132 Kv. Received	133,000	217,000				
9	S. H. Net 132 Kv. Sendout (7-8)	29,019,000	24,879,000				
10	S. H. Net Metered Sendout (3+6+9)	56,376,000	48,352,000				
11	Baltimore Total 230 Kv. Received	19,426,000	12,634,000				
12	Baltimore Total 230 Kv. Sendout	6,493,000	10,621,000				
13	Washington Total 230 Kv. Received	3,396,000	2,847,000				
14	Washington Total 230 Kv. Sendout	8,537,000	7,683,000				
15	Net Delivered to Baltimore Company at Perryville	7,658,000	1,544,000				
16	Net Delivered to Highlandtown and Pratt Street	30,204,000	28,742,000				
17	Total Purchased by Holtwood Company from Baltimore Company	-	-				
18	Metered 230 Kv. Line Loss (1+12+14)-(2+11+13)	1,021,000	978,000				
19	Actual Percent 230 Kv. Line Loss 18/(1+12+14)	2.9806	3.2004				
20	Energy Purchased by Baltimore Company from Safe Harbor Company 2/3 (Item 10) x 100.0-Item 19)	36,464,000	31,203,000				
21	Energy Purchased by Holtwood Company from Safe Harbor Company (1/3 (Item 10)	18,792,000	16,117,000				
22	Energy Purchased by Baltimore Company from Holtwood Company (11+13+15+16+17)-(12+14+20)	9,190,000	- 3,740,000				

7
Exhibit No. 158

3783

EXHIBIT No. 158.

[23277]

January 20, 1906.

Cary T. Hutchinson, Esq.,
60 Wall Street,
New York, City.

Dear Sir:

We have furnished to Messrs. Harvey Fisk & Sons the list which you sent us for the distribution of your part of the common stock of McCall Ferry Power Company, and their Stock Deposit Receipts will be re ready for issue in exchange for the Stock Depcsit Agreements when turned into them.

Inasmuch as it was stated at the time this stock was left with Messrs. Harvey Fisk & Sons that 48850 shares thereof were held by them for safe keeping for you, they will doubtless like to have a letter from you when you receive your Stock Deposit Receipts terminating their responsibility in the premises. We enclose a suggestion for the form of this letter.

Yours very truly,

Enclosure.

EXHIBIT No. 159.

[23278]

July 17, 1907.

Henry M. Higginson, Esq.,
Messrs. Lee, Higginson & Co.,
44 State Street, Boston, Mass.

My dear Mr. Higginson:—

I am in receipt of your of 16th instant, just as I am leaving my office for Bar Harbor, but I have time, I think to answer all you wish.

It is not necessary for me to say that I do this with great pleasure and you certainly do not need to make any effort to recall yourself to my memory. Like all people who have been favored with your acquaintance my memory of you is of the pleasantest.

In reference to your inquiries, I would say that we expect to be able to commence the delivery of power about June, 1908.

Very truly yours,

H. F. Dimock
President.

HFD/M.

EXHIBIT No. 160.

[23279]

*J. A. Walls, President**Jas. L. Rintoul, Exec. Vice-President**G. W. Spaulding, Vice-President**J. U. Diehl, Treasurer**Wm. H. Eichhorn, Jr., Secretary***PENNSYLVANIA WATER & POWER COMPANY**

LEXINGTON BUILDING

Baltimore 1, Md.

Mr. N. B. Higgins, President

December 1, 1945

Safe Harbor Water Power Corporation

Baltimore, Maryland

Dear Mr. Higgins:

Please find attached, an agreement between Metropolitan Edison Company and Pennsylvania Water & Power Company which will become effective December 31, 1945 and extend for a period of five years with provision for renewal. You will note that this contract will supersede and, therefore, provides for the termination of the existing four party York Power Supply Contract between Edison Light and Power Company, Metropolitan Edison Company, Pennsylvania Water & Power Company and Safe Harbor Water Power Corporation, which expires March 31, 1946.

In as much as the present power supply contract of January 1, 1935, as supplemented in March 1945, to which Safe Harbor Water Power Corporation is a party, is to be terminated by the terms of this new agreement between Pennsylvania Water & Power Company and Metropolitan Edison Company, as of midnight December 31, 1945, and in accord with Section 2 of Article I of this new agreement, will you please advise this Company of Safe Harbor's consent to the termination of the existing four party agreement.

Yours very truly,

(s) G. W. Spaulding

G. W. Spaulding

Vice President

GWS:F

EXHIBIT No. 161.

[23280]

N. B. Higgins, *President*R. T. Greer, *Vice President*C. A. Lappe, *Treasurer & Secretary***SAFE HARBOR WATER POWER CORPORATION**

LEXINGTON BUILDING

Baltimore 1, Md.

December 12, 1945

Mr. George W. Spaulding, Vice-President
Pennsylvania Water & Power Company
Lexington Building
Baltimore 1, Maryland

Dear Sir:

There is enclosed herewith the written consent of this Company to the cancellation of the existing York Power Contract as of midnight, December 31, 1945. Neither the giving of this consent nor the fact that this Company is not a party to the proposed new Metropolitan Edison Power Supply Contract of November 15, 1945, shall be deemed a waiver of this Company's rights to sell or dispose of the electric energy or power generated at its plant to either Edison Light and Power Company of York, Pennsylvania, or Metropolitan Edison Company, as that right was granted by certificate of public convenience of the Pennsylvania Public Service Commission, issued January 10, 1933.

Very truly yours,

(s) N. B. Higgins
N. B. Higgins
President

NBH/D
Enclosure

[23281]

N. B. Higgins, *President*

R. T. Greer, *Vice President*

C. A. Lappe, *Treasurer & Secretary*

SAFE HARBOR WATER POWER CORPORATION

LEXINGTON BUILDING

Baltimore 3, Md.

December 12, 1945

Mr. George W. Spaulding, Vice-President
Pennsylvania Water & Power Company
Lexington Building
Baltimore 1, Maryland

Dear Sir:

This will acknowledge receipt of your letter of December 1, 1945, enclosing a copy of a proposed agreement between Metropolitan Edison Company and Pennsylvania Water & Power Company, known as Metropolitan Edison Power Supply Contract of November 15, 1945.

Safe Harbor Water Power Corporation has no objection to and hereby consents to the termination of the agreement dated January 1, 1935, as supplemented in March of 1945, between Metropolitan Edison Company, Pennsylvania Water & Power Company, Safe Harbor Water Power Corporation and Edison Light and Power Company, known as the York Power Contract, as of midnight, December 31, 1945, as provided for in Article I, Section 2, of the new Metropolitan Edison Power Supply Contract.

Very truly yours,

(s) N. B. Higgins
N. B. Higgins

President

NBH/D

EXHIBIT No. 162.

[23283]

IN THE MATTER OF THE
RATES OF CONSOLIDATED GAS
ELECTRIC LIGHT AND POWER
COMPANY OF BALTIMORE

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

The answer of Consolidated Gas Electric Light and Power Company of Baltimore (hereinafter called the Company) to the petition of Philip H. Dorsey, Jr., People's Counsel, and to other proceedings leading up to or following that petition, respectfully shows that:

[23288] (page 6)

(b) The Chief Auditor also contends that the Company's rates should be reduced by reducing "the amounts charged to operating expenses" for payments by the Company to Pennsylvania Water and Power Company (hereinafter called Pennsylvania Company) and Safe Harbor Water Power Corporation (hereinafter called Safe Harbor) for purchased electricity "to the extent that the earnings of these companies are exorbitant". For many years the Company has purchased electricity from Pennsylvania Company under successive contracts at rates which the Company has believed to be advantageous to it and to be less than the cost of producing the electricity or purchasing it elsewhere. The present contract, made in 1931 (and amended in 1939) was based on a number of factors, including Pennsylvania Company's revenue and expenses before the contract was made. The Company has no basis for asserting that Pennsylvania Company's earnings are unreasonable, much less "exorbitant". They are neither exorbitant nor unreasonable merely because they are [23289] (page 7) not based on so-called "original cost". The Company owns no stock or other interest in Pennsylvania Company and has no connection with the management of Pennsylvania Company. Aside from possible legal or jurisdic-

tional questions, if the Commission intends to give consideration to this contention of the Chief Auditor, it would seem appropriate to give Pennsylvania Company, notice of the Commission's intention so that the facts may be presented first hand, and the Company and Pennsylvania Company may both participate in the proceedings in respect of their contract rates.

(c) The Company is the owner of two-thirds of the stock (including one-half of the voting stock), of Safe Harbor and, as such, guarantor of Safe Harbor's bonds; it is indemnified to the extent of one-third by Pennsylvania Company, the other stockholder. Safe Harbor's contract rate for power is not exorbitant or unreasonable.

EXHIBIT No. 163.

[23296] (page 1)

BEFORE THE PUBLIC SERVICE COMMISSION OF THE
COMMONWEALTH OF PENNSYLVANIA.

In Re: Application of the Safe
Harbor Water Power Corpo-
ration for a Certificate of
Public Convenience, evidenc-
ing the Commission's approval
of the modification of the
order of the Public Service
Commission issued to the Safe
Harbor Water Power Corpo-
ration on the 31st day of
March, A.D. 1930.

Application Docket

No.....

19..

Folder No...

*To the Public Service Commission of the Commonwealth of
Pennsylvania:*

The petition of the Safe Harbor Water Power Corpo-
ration,

Respectfully Represents:

1. That the names and addresses of the officers of the
Safe Harbor Water Power Corporation are:

Charles E. F. Clarke,	President, 40 Wall Street, New York, N. Y.
J. A. Walls,	Vice-President, Lexington Bldg., Baltimore, Md.
Herbert A. Wagner,	Vice-President, Lexington Bldg., Baltimore, Md.
James L. Rintoul,	Treasurer, Lexington Bldg., Baltimore, Md.
F. J. Allen,	Secretary, 40 Wall Street, New York, N. Y.

[23297] (page 2)

2. That the name and address of your petitioner's attorney is

John E. Malone, 56 North Duke Street, Lancaster, Pa.

3. Your petitioner, Safe Harbor Water Power Corporation, is a corporation of the State of Pennsylvania formed by the merger of the Safe Harbor Water Power Corporation and Chanceford Water Power Corporation, for the purpose of the supply, storage or transportation of water and water power for commercial and manufacturing purposes in the Township of Manor, Lancaster County, Pa., and in the Township of Chanceford, York County, Pa., which merger was approved by your Honorable Commission on December 23, 1929, Application Docket No. A-21579, 1929.

Your petitioner, the Safe Harbor Water Power Corporation, was further authorized by your Honorable Commission to begin the exercise of its rights, powers or privileges, as evidenced by Certificate of Public Convenience dated March 31, 1930, Application Docket No. A-21579, 1930, Folder #2.

A statement of the amount of stocks and bonds authorized, issued and outstanding on the 31st day of December, A.D. 1931, is attached hereto and marked "Exhibit A".

4. That your petitioner, Safe Harbor Water Power Corporation is chartered to furnish service in Manor Township, Lancaster County, Pa., and in Chanceford Township, York County, Pa., and is now furnishing service in Manor Township, Lancaster [23298] (page 3) County, Pa., but is not furnishing service in Chanceford Township, York County, Pa. Your petitioner does not hold any franchise grants.

5. This application is made by your petitioner for the purpose of having the Public Service Commission modify its report and order of March 31, 1930, copy of which report

and order is hereto attached and marked "Exhibit B", as follows: By changing the second condition so that the same shall read as follows:

SECOND: That the Safe Harbor Water Power Corporation shall not, without the approval of the Public Service Commission hereafter first obtained, sell or dispose of the electric energy or power to be generated at its plant at Safe Harbor, Lancaster County, Pennsylvania, to any customer other than: (1) Consolidated Gas Electric Light and Power Company of Baltimore, Maryland, (2) Pennsylvania Power & Light Company, (3) Pennsylvania Railroad Company, (4) Chester Valley Electric Company of Coatesville, Pennsylvania, (5) Edison Light and Power Company of York, Pennsylvania, (6) Metropolitan Edison Company, (7) Philadelphia Electric Company, and (8) Pennsylvania Water & Power Company of Holtwood, Pennsylvania, and to the latter Company only for resale to the other companies enumerated herein.

6. That no additional capital will be required by your petitioner in the near future for the purpose of financing [23299] (page 4) the matters and things involved in this petition, the corporation having already sold or contracted to sell bonds and stocks in amount shown by the balance sheet attached hereto and marked "Exhibit C", and estimated to be sufficient to meet initial requirements. If additional funds are needed, they will be obtained by short term borrowing until such time as additional permanent financing is effected by the sale of additional bonds and/or stock.

7. That no corporation, partnership or individual is now furnishing or has the corporate or franchise right to furnish service similar to that to be rendered by your petitioner in the territory covered by this application, and that no competitive condition will be created by said company, except

(a) Pennsylvania Power & Light Company, successor to The Farmers Electric Company of Manor Township and Edison Electric Company, whose address is Allentown, Pa., which company is engaged in the distribution of electricity to the inhabitants of certain districts in Manor Township.

(b) Edison Light & Power Company, York, Pa., successor to Chanceford Township Light, Heat and Power Company, which company is engaged in the distribution of electricity to the inhabitants of the Township of Chanceford.

(c) Philadelphia Electric Power Company, whose address is Philadelphia, Pa., which company operates the project known as "Conowingo Project".

[23300] (page 5)

(d) Philadelphia Electric Company, whose address is Philadelphia, Pa.

(e) Chester Valley Electric Company, whose address is Coatesville, Pa., which company is engaged in the distribution of electricity to the inhabitants of the Borough of Coatesville, Downingtown, Parkesburg and neighboring territory in Chester County, Pennsylvania.

B. That the approval is necessary and proper for the service, accommodation and convenience of the public for the following reasons:

At the present time your petitioner, in accordance with the provisions of the Commission's order of March 31, 1930 and the general plan of power disposal set forth in testimony at the hearing of February 5, 1930, is selling the entire output of its Safe Harbor plant to Consolidated Gas Electric Light and Power Company of Baltimore and Pennsylvania Water & Power Company. The latter company resells its portion to the customers specified in the Commission's order. In the future, however, it will probably be

desirable that both your petitioner and Pennsylvania Water & Power Company become parties to power supply contracts with the allowed customers and that your petitioner be able to sell power and energy to such customers directly as well as, or instead of, indirectly. Therefore request is made for the right to make such sales directly and/or indirectly.

Your petitioner is also requesting that three companies be added to the list of customers to which Safe Harbor [23301] (page 6) power may be sold, viz: Metropolitan Edison Company, Philadelphia Electric Company and The Pennsylvania Railroad Company.

Four main generating units, with a total capacity of 170,000 horsepower, are now in operation at Safe Harbor, and your petitioner has available during periods of ample river flow, considerable off-peak hydro energy which is not utilized in serving the customers named in the Commission's order. The sale of such energy to other electric companies would save fuel and utilize water power now going to waste. In particular, Pennsylvania Water & Power Company has made an interconnection with Metropolitan Edison Company at York for interchange of power and energy, which interconnection makes it possible for Pennsylvania Water & Power Company to resell to Metropolitan Edison Company energy generated at Safe Harbor which would otherwise go to waste. At present Pennsylvania Water & Power Company, during periods of ample river flow, is supplying to Lancaster (Pennsylvania Power & Light Company) and to Coatesville (Chester Valley Electric Company) only energy purchased from Safe Harbor, and to Edison Light and Power Company of York and to Metropolitan Edison Company energy generated at its own Holtwood plant. Such separate operation of the hydro plants, made necessary by the present restrictions on sale of Safe Harbor energy, decreases the utilization of hydro energy and causes waste of fuel at the steam-electric plants in the

interconnected system, with consequent economic loss. It also sacrifices reliability and safety of operation.

[23302] (page 7)

Your petitioner believes that there will be an interconnection between its plant and the system of the Philadelphia Electric Company and/or its subsidiaries and desires to be able to sell electric power and energy to that company.

A recent development is the agreement dated September 2, 1931, between Consolidated Gas Electric Light and Power Company of Baltimore, Pennsylvania Water & Power Company and your petitioner, jointly as the "Electric Companies", on the one hand, and the Pennsylvania Railroad Company, on the other hand, under which the Baltimore Company will sell to the Railroad Company in Maryland all of the power and energy required for the electrification of the Railroad Company's lines from the Susquehanna River to Washington, D. C. The same contract covers the supply of power and energy for the electrification of lines of the Railroad Company in the vicinity of Safe Harbor. It is expected that there will be two points of supply of such power and energy to the Railroad Company in Pennsylvania—Safe Harbor in Manor Township and Holtwood in Martic Township, Lancaster County. The bulk of power and energy thus supplied will originate in the Safe Harbor hydro plant, but some of it will be generated at the Holtwood hydro and steam plants and at times of low river flow the supply of hydro energy will be supplemented by steam energy purchased from the Baltimore steam plants or from other sources. It is intended that the sale in Martic Township be made by the Pennsylvania Water & Power Company. It is desirable that the sale in Manor Township be made either by your petitioner or [23303] (page 8) the Pennsylvania Water & Power Company or by both, depending upon the actual conditions existing at the time, such as amount and division of load.

economic source of supply, transmission facilities available, etc. Therefore your petitioner is asking both for the removal of the restriction previously imposed upon the resale of Safe Harbor power and energy by Pennsylvania Water & Power Company and for approval of direct supply to The Pennsylvania Railroad Company in Manor Township.

Approval at this time of the supply of Safe Harbor power and energy to The Pennsylvania Railroad Company in Pennsylvania will make possible (1) the coordination of such supply with supply to the Railroad Company's lines in Maryland; (2) maximum reliability and economy of supply to the Railroad Company from the regional power supply system of the associated "Electric Companies" at several widely separated points, with consequent benefit to the public; and (3) the present design and layout, and the future use for supply in Pennsylvania, of special facilities at Safe Harbor, some of which are about to be installed for supply to the Railroad Company in Maryland. It is essential that your petitioner, the Pennsylvania Water & Power Company, and the Railroad Company be able to plan their investment and equipment installations with the electrification of lines in Pennsylvania in view. If expenditures are made now for facilities which later cannot be used, or if duplication of facilities becomes necessary, there will be an economic loss which will be to the disadvantage of the Railroad Company, your petitioner and the public.

[23304] (page 9)

These two examples show that the limitations on the sale of Safe Harbor power and energy are causing, and if continued will increasingly cause, economic losses to the disadvantage of your petitioner, its customers and the public.

Wherefore, your Petitioner prays your Honorable Commission to issue a Certificate of Public Convenience

under the provisions of Article III, Section 3(a), and Article V, Sections 18 and 19, of the Public Service Company law evidencing its approval of the modification of the order of the Public Service Commission issued to your petitioner, Safe Harbor Water Power Corporation, on the 31st day of March, A.D. 1930.

And it will ever pray, etc

SAFE HARBOR WATER POWER CORPORATION
By (Signed) Charles E. F. Clarke
President

Attest: (Signed) F. J. Allen
Secretary

Signed and dated this 29th day of
March, A.D. 1932.

[23305] (page 10)

STATE OF MARYLAND }
CITY OF BALTIMORE } ss.

Personally before me, a Notary Public, in and for said State and County, appeared Charles E. F. Clarke, President of the Safe Harbor Water Power Corporation, who being duly affirmed according to law, deposes and says that the facts contained in the foregoing Petition are true and correct to the best of his knowledge and belief.

(Signed) Charles E. F. Clarke

Affirmed and subscribed before me
this 29th day of March, A.D.
1932.

(Signed) Margaret S. McCormick
Notary Public

My commission expires May 1st, 1933.

[23306] (page 11.)

EXHIBIT "A"

SAFE HARBOR WATER POWER CORPORATION

Statement of stocks and bonds authorized,
issued and outstanding as of December 31, 1931

Capital Stock \$ 3,951,000.00

Authorized—100,000 Shares Class "A"
Non-Voting

Issued — 87,532 Shares/ Class "A"
Non-Voting

Authorized—200,000 Shares Class "B"
Voting

Issued — 175,068 Shares Class "B"
Voting

First Mortgage Sinking Fund Gold Bonds
- 4½%, Series Due 1979

21,000,000.00

\$24,951,000.00

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A. 21579-1930

Folder No. 2.

EXHIBIT "B"

THE PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN THE MATTER OF THE APPLICATION OF SAFE HARBOR WATER POWER CORPORATION, under Section 2(b), Article III, and Section 18 and 19, Article V, of the Public Service Company Law, for the approval of the beginning of the exercise of the rights, power or privileges of the supply, storage or transportation of water and water power for commercial and manufacturing purposes, in the Township of Manor, Lancaster County, and the Township of Chanceford, York County.

CERTIFICATE
OF
PUBLIC CONVENIENCE

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF PENNSYLVANIA hereby certifies that after an investigation and hearing had on the above entitled application, it has, by its report and order made and entered, a copy of which is hereto attached and made a part hereof, found and determined that the granting of said application is necessary and proper for the service, accommoda-

tion, convenience and safety of the public, and this certificate is issued evidencing its approval of the said application as set forth in said report and order.

IN TESTIMONY WHEREOF, THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF PENNSYLVANIA has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 31st day of March, 1930.

THE PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF PENNSYLVANIA

Attest:

Signed S^r Ray Shelby
Chairman.

(Signed) Jno. G. Hopwood
Secretary.

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THE PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF PENNSYLVANIA

Application Docket No. 21579 (Folder No. 2)

In re: Application of SAFE HARBOR WATER POWER CORPORATION for approval of the beginning of the exercise of the rights, power or privilege of the supply, storage or transportation of water and water power for commercial and manufacturing purposes, in the Township of Manor, Lancaster County, and the Township of Chaceford, York County.

REPORT OF THE COMMISSION

BY THE COMMISSION:

Safe Harbor Water Power Corporation is a corporation of the State of Pennsylvania, formed on January 6, 1930, by the merger and consolidation of Safe Harbor Water Power Corporation, (incorporated February 19, 1929), and Chanceford Water Power Corporation (incorporated February 19, 1929), with corporate purpose—the supply, storage and transportation of water and water power for commercial and manufacturing purposes in the Township of Manor, Lancaster County, Pennsylvania, and in the Township of Chanceford, York County, Pennsylvania—and possessing the rights and powers conferred upon water and water power companies by the Act of Assembly, approved the 2nd day of July, 1895, P.L. 425, as amended by the Act of the 7th day of May, 1929; P.L. 1632.

The present proceeding is for the Commission's requisite approval under the provision of Article III, Section 2(b), of the Public Service Company Law, of the beginning of the exercise by Safe Harbor Water Power Corporation of its rights, powers and privileges.

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Formal protests were filed by Edison Electric Company, a corporation of the State of Pennsylvania, engaged in furnishing electric energy to the public in Manor Township, Lancaster County, and other municipalities of said county, and by Edison Light and Power Company, a corporation of the State of Pennsylvania engaged in furnishing electric energy to the public in various municipalities of York County, including the Township of Chanceford. These protestants allege that the sale by Safe Harbor Water Power Corporation of electric energy generated at its proposed plant in any manner which would permit such